

Message Text

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PAGE 01 KINGST 03727 061633Z

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ACTION ARA-06

INFO OCT-01 SS-14 ISO-00 NSC-05 NSCE-00 SP-02 L-01 H-01

PRS-01 INR-05 CIAE-00 EB-03 OMB-01 TRSE-00 /040 W

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R 061345Z SEP 76

FM AMEMBASSY KINGSTON

TO SECSTATE WASHDC 2270

C O N F I D E N T I A L KINGSTON 3727

LIMDIS

E.O. 11652: GDS

TAGS: EMIN, JM

SUBJECT: BAUXITE DEVELOPMENTS: ALCOA, KAISER AND REYNOLDS

1. DOUGLAS FLETCHER (JAMAICAN ATTORNEY FOR BAUXITE COMMISSION AND FORMER JAMAICAN AMBASSADOR TO U.S.) GAVE DCM RUN DOWN ON BAUXITE NEGOTIATIONS SEPTEMBER 3.

2. ALCOA: ONLY ONE ISSUE IS NOW BLOCKING SIGNING OF AGREEMENT WHICH COULD BE AS EARLY AS NEXT WEEK. ALCOA IS SEEKING LANGUAGE IN AGREEMENT WHICH WILL PERMIT THEM CLAIM BAUXITE LEVY PAYMENTS AS U.S. TAX DEDUCTIONS GOJ HAS NO PROBLEM WITH PRINCIPLE BUT THERE ARE PROBLEMS IN FINDING LANGUAGE WHICH WILL SATISFY IRS WHILE NOT CREATING LEGAL AND OTHER PROBLEMS HERE. FLETCHER IS CONVINCED ISSUE WILL BE RESOLVED AND NOTED THAT WORKING RELATIONSHIPS BETWEEN ALCOA LAWYERS AND BAUXITE COMMISSION ARE EXCELLENT.

3. KAISER: FLETCHER SAID THAT AGREEMENT WITH KAISER IS "99 PERCENT" FINISHED AND ONLY REMAINING SIGNIFICANT ISSUE IS DETERMINATION CHARACTER AND LEVEL OF DEPRECIATION OF KAISER PLANT. AGAIN WORKING RELATIONSHIPS ARE EXCELLENT AND AGREEMENT SHOULD BE FINALIZED SOON. HE CONFIRMED THAT MAYER MATALON, PAT ROUSSEAU (BAUXITE COMMISSION) AND HIMSELF MAY BE TO OAKLAND IN MID-SEPTEMBER TO FINALIZE AND INITIAL AGREEMENT THERE.

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PAGE 02 KINGST 03727 061633Z

4. REYNOLDS: NEGOTIATIONS WITH REYNOLDS HAVE BEEN DIFFICULT AND SPORADIC. ALTHOUGH BOTH SIDES ARE WORKING TOWARDS AN AGREEMENT MODELED ON THAT OF KAISER'S WITH GOJ, REYNOLDS "WANTS A LITTLE BIT MORE OF EVERYTHING" AND WORKING RELATIONSHIPS BETWEEN THE TWO SIDES ARE "COOL". FLETCHER ATTRIBUTED THE RATHER UNPLEASANT NEGOTIATING ATMOSPHERE TO DERYK STONE ON REYNOLDS' TEAM. STONE, HE POINTS OUT, IS A JAMAICAN WHO WORKED FOR REYNOLDS JAMAICA FOR MANY YEARS BUT LEFT THERE LAST YEAR TO JOIN REYNOLDS HEAD OFFICE IN RICHMOND UNDER CIRCUMSTANCES WHICH LEFT HIM EMBITTERED AGAINST JAMAICA AND THE GOJ.

5. FLETCHER CLAIMED THAT PM MANLEY IS VERY ANXIOUS TO COMPLETE AND SIGN THE ALCOA, KAISER AND REYNOLDS AGREEMENTS AS SOON AS POSSIBLE. TIME DID NOT PERMIT DISCUSSION OF REVERE AND ALPART.

6. COMMENT: FOREGOING INFORMATION CONFORMS WITH THAT PROVIDED IN SEPTELS REPORTING CONVERSATIONS WITH ALCOA AND KAISER REPRESENTATIVES AND WITH MANLEY.
GERARD

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Message Attributes

Automatic Decaptioning: Z
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: BAUXITE, AGREEMENTS, MINING INDUSTRY, NEGOTIATIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 06 SEP 1976
Decaption Date: 28 MAY 2004
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: coburnhl
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976KINGST03727
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D760337-0411
From: KINGSTON
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760988/aaaacxlc.tel
Line Count: 84
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION ARA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: LIMDIS
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: LIMDIS
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: coburnhl
Review Comment: n/a
Review Content Flags:
Review Date: 20 JUL 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <20 JUL 2004 by ShawDG>; APPROVED <01 NOV 2004 by coburnhl>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: BAUXITE DEVELOPMENTS: ALCOA, KAISER AND REYNOLDS
TAGS: EMIN, JM, US, ALCOA, KAISER, REYNOLDS
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006